



Iowa's Energy Policy 2001 Wind Energy Conference

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Selected Iowa Code References

Section 476.41:

It is the policy of this state to encourage the development of alternate energy production facilities and small hydro facilities in order to conserve our finite and expensive energy resources and to provide for their most efficient use.



Selected Iowa Code References

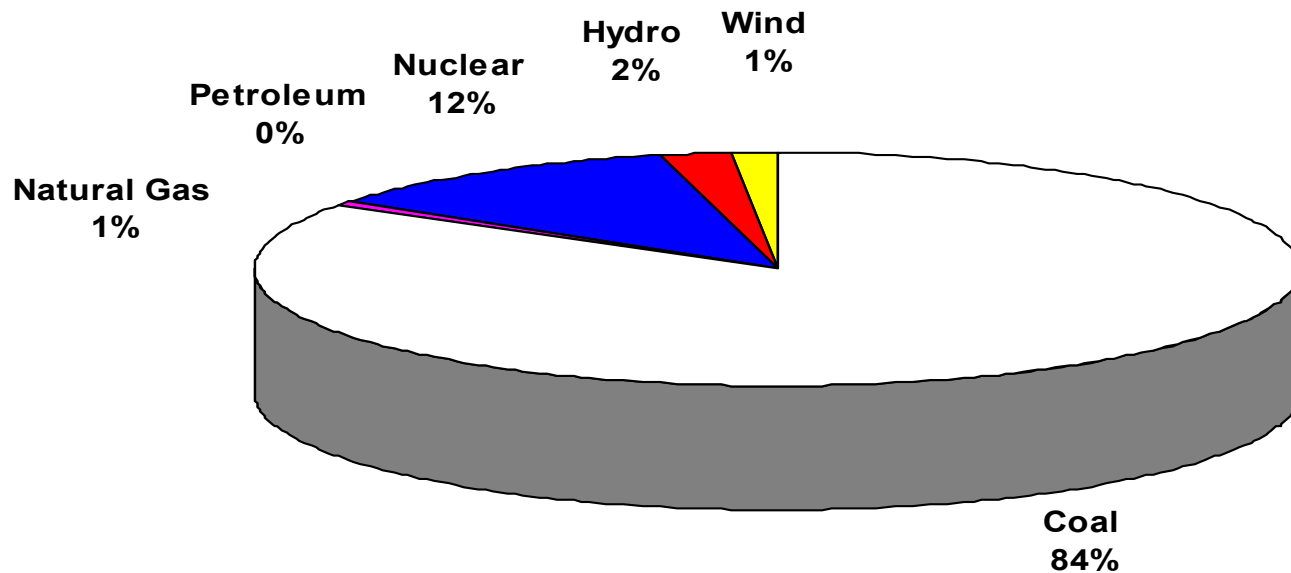
- Under Section 476.43, Iowa utilities are required to purchase or wheel electricity from AEP's and small hydro facilities located in their service areas and to provide them with backup power.



Selected Iowa Code References

- Under Section 476.44, utilities are not required to purchase more than a statewide total of 105 MW.
 - Allocated among utilities
 - In proportion to their 1990 retail peak loads
 - Limit can be increased if peak load exceeds 1990 level by more than 20%.
 - 105 MW requirement is fully subscribed.

Electricity Generated in Iowa by Fuel Type: 2000





Taxation Issues

- Effective July 1, 1993
- Wind sales tax exemption – all sales taxes on the purchase of wind energy conversion devices is exempted from state sales tax
- Wind property tax reduction – 0% levied on assessed value the first year, increasing in 5%/yr increments through the sixth year, at which time it stays at 30% ad infinitum.



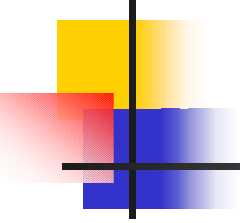
Iowa's Renewable Effort

- 50% of all wind projects in the US in the past three years have been done in Iowa and Minnesota
- Iowa generates more wind energy than all but two other states – California and Minnesota
- Iowa has over 300 wind turbines with a combined capacity of 250 MW
- MidAmerican and Alliant purchase more renewable energy than is required by law – 212 MW
- Both utilities are working to establish additional wind farms in Northern Iowa.
 - Alliant's Top of Iowa Wind Farms – 80 MW in 2001
 - MidAmerican's recent RPF – 100 MW in 2003



Transmission Challenges

- 69kV and 161kV lines in NW Iowa are old
- Additional generation could strain the system
- Regional constraints make it virtually impossible to reach power markets to the South
- Transmission congestion and stability problems for new power originating in NW Iowa or SW Minnesota



Governor's Energy Policy Task Force

- Formed in 2000 to develop an energy policy for Iowa
- 14 members – no energy industry representation
- Extensive research completed
- Recommendations being finalized



Task Force Beliefs

- Any state energy policy must take into consideration:
 - Environmental and economic impacts of fossil fuel vs. renewable fuels
 - The impact on the state by providing markets for Iowa-based products
 - Income to land owners for the use of their land for electricity generation
 - Opportunities to convert waste into useable and valuable commodities



Task Force Beliefs (cont.)

- Fuel sources that eliminate or substantially reduce polluting emissions and foster carbon sequestration
- Specific targets for renewable energy to establish the markets for these fuels in Iowa
- Renewable energy options may be less cost-effective than conventional resources.



Preliminary Task Force Recommendations

- 1000 MW Goal by 2010 (non-mandatory)
- Progress to be monitored through the Iowa Energy Coordinating Council
- Tax Incentives to be established through legislation
- Financial Incentives for each new kWh generated and sold in Iowa
- Create a Renewable Energy Fund through amendments to Iowa tax code and tax policy



Preliminary Task Force Recommendations (cont.)

- A standard system for net metering and renewable system utility interconnect should be established
- Other recommendations
 - Hydro Power
 - Transmission Costs
 - Technology and R&D
 - Waste-to-Energy



In Summary

- Iowa is committed to the development of alternate energy
- Wind will be important in achieving our goals
- Wind is becoming more competitive
- We still have challenges with predicting availability and output
- Transmission and interconnection issues will need to be addressed.